From Product to Platform: Digital Transformation in MedTech Series – An interview with Jim Hollingshead

This series highlights the MedTech industry's recent digital transformation. Collaborating with the field's leading experts, we have identified the strategies and challenges of navigating digital disruption within the medical industry.

This discussion views MedTech's digitization through the lens of Jim Hollingshead. This interview is an extension of Russell Reynolds Associates' [An Industry in Full Disruption: How Digitization is Transforming MedTech](#)*.*

David Krahe:
I'm David Krahe, Managing Director for the Healthcare Sector at Russell Reynolds. I'm here today with Jim Hollingshead, Global President for Sleep and Respiratory Care for ResMed. We're talking about digital transformation within healthcare. If you wouldn't mind, could you just give a brief introduction to your background?

Jim Hollingshead:
David, it's a pleasure to be with you. I've been at ResMed for about eleven and a half years. I came to ResMed to build a strategy team. We've been through what I think we now call the digital transformation. I've had just the incredible fun of working on our digital strategy as the strategy guy, launching it as the leader of our largest commercial region, and then expanding the strategy, globally into the sleep business and respiratory care products.

David Krahe:
As you mentioned, ResMed's undergone a great digital transformation, you really are a cloud-connected medical device company. How would you describe what the impact of that digital transformation on the company has been?

Jim Hollingshead:
It completely changed the nature of both the care model and our core sleep therapy businesses. When we went into the cloud and put the activity on the cloud, it completely changed the way the industry treated patients. More importantly, for our shareholders, it completely changed the basis of competition in the industry. We moved from being a stronger routine player to being #1. It also changed the nature of how customers decided which manufacturer's products to buy and how patients got cared for. We've tripled in revenue, we've diversified the company, and we have a new division that's an all-software division. It's been a fundamental change.

David Krahe:
As you look at yourself as an industry leader in digital health, what opportunities do you see on the horizon, specifically around transforming the patient journey and engagement with the practitioners?

Jim Hollingshead:
Everything we do at ResMed is around chronic conditions. In those settings, data can improve patient care and the patient experience. That's a big deal! That was the main driving rationale in terms of what we thought we would do with customers. In most chronic diseases and probably all chronic diseases, if the patient can adhere to and stay on therapy, they're getting a huge quality-of-life benefit.

Another leg of the stool is the payer. In 2010, payers started putting in place prior authorization steps, and Medicare was about to reduce reimbursement. We have been able to show that we

reduce the expenses for payers by about 60% per patient. All of that's been better for the whole ecosystem. It's better for patients, better for our customers, and it's better for us because we have a stronger market share. We have more recurring revenues in the recurring revenue model. It's a win for everybody in the chain.

David Krahe:
Payers are an incredibly critical piece of this puzzle. How did they react to some of the metrics that you just outlined, which were improved?

Jim Hollingshead:
More and more payers are realizing that these digital tools might put them in a position to do much better management of populations and much better management of chronic disease, but they want to see the numbers. Over time, big data on these chronic diseases is going to allow us as a health care system to personalize care. We knew it would take time to develop this data evidence. In the sleep business, we now have this number that blows my mind, because we have so many devices on the market. Since 2014, we have over nine billion nights of therapy use data*, which is de-identified data.

David Krahe:
Wow. When you think about that, what partnerships are emerging with other manufacturers, and what are other companies doing in the space? Where are those kinds of critical partnerships occurring?

Jim Hollingshead:
There are natural partnerships for us in our therapeutic areas, especially if they're broader or they're not competing directly with us. I think that's true for the whole healthcare ecosystem; there's lots of collaboration. you can picture data platform companies, and you've got big tech; those are all database operations organizations. Several companies have sprung up that are using data sciences and they have patient populations with whom they're mostly engaging through an app experience or a web-based experience. They're mostly companies that are doing wellness or chronic disease management. Those represent a natural area of mutual benefit and are areas of partnership that would not have been available to us previously.

David Krahe:
When you started on this journey and were preparing the organization for success, specifically around this disruptive move into connected devices, how were you thinking about the competencies around digital in terms of making this a successful initiative?

Jim Hollingshead:
We had the vision, but the adoption was uncertain. We ended up remodeling an entire floor of our San Diego headquarters - it didn't look familiar to most of the software engineers we were trying to hire. I think the net of it has been terrific. I think part of the benefit is: first, it allowed us the chance to reenergize the culture of the whole company. ResMed has always had a great culture, but the growth of adoption, and the changes in the marketplace that we were helping to lead, were really exciting. We've moved faster, we've become a lot more pragmatic in how we make decisions; I think more quickly, and there's an art to that. Over time, it changed the way we think about product development overall.

David Krahe:
Jim, diving deeper into the topic of this organizational change and the importance of culture. When you think about charting that successful path forward, how have you changed the culture of the organization to accommodate that kind of ambitions around digital?

Jim Hollingshead:
ResMed pioneered the CPAP [continuous positive airway pressure therapy] category. We were always on the leading edge in terms of product development. It was a big part of our culture to be innovators and that goes back to our founder, Peter Farrell. We were changing the way we were delivering value to patients and the customers. It was a journey that we all went on together. We placed this bet because we saw a threat to the industry. I think being able to anchor on innovation and the patient helped us… in effect, turned everything on its side and allowed us to see things from a different perspective.

David Krahe:
As you've looked at bringing in talent from adjacencies, what's worked well on that innovative journey?

Jim Hollingshead:
Where we've gone fishing for talent is across a fairly wide range. The big tech players all do product management the way we want to do it and we're learning that as we bring people in. At one point we were talking to somebody who is an expert in AI and developing machine learning programming, and he said, "You guys actually help people! Every day you go out and help patients. There's going to be tons of developers in the Valley who get so excited about your mission." We have the opportunity to be leading in our own space through the deployment of tools, big data, AI, and ML, and we also have this mission where it's tangible how we help people. That's been a huge boon to us in attracting talent and retaining it.

David Krahe:
Jim, this has been an incredibly interesting and helpful conversation. I want to close by saying thank you for your time and thoughtful contribution.

Jim Hollingshead:
I appreciate the opportunity. It's been a lot of fun, David. Thank you!

* This data point was collected at time of the interview and may have changed.